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**IOWA UTILITIES BOARD**  
Energy and Customer Service Sections

Docket No.: RN-2014-0001  
Utility: Interstate Power and Light Co.  
File Date/Due Date: February 14/March 16, 2014  
Memo Date: March 7, 2014

**TO:** The Board

**FROM:** Dan Fritz and Jane Whetstone

**SUBJECT:** Request for Approval of Non-Standard Rate Notice

- I. Background/Analysis:** On January 25, 2010, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a request for approval of a proposed rate notification pursuant to 199 IAC 26.5(1)"d"(1), which requires that all nonstandard notices be approved by the Board. IPL is preparing to file an application for increased electric rates pursuant to Iowa Code chapter 476.

Proposed Notice

IPL proposes to use five different customer notices. IPL's five customer classes are residential, general service, large general service, bulk, and municipal street lighting.

IPL requests that it be allowed to make its calculations on the rate notice form using the arithmetic mean to calculate electricity usage in each class to show the typical bill impact, rather than using averages as required by 199 IAC 26.5(1)"c"(3). This is consistent with IPL's methodology used in its past two notices. Subrule 26.5(1)"c"(3) provides that averages used in the standard form should be median averages.

IPL also proposes to include a letter from IPL's president providing further information about the pending rate filing. A similar letter has been used in prior IPL electric rate case filings.

Another feature of IPL's proposed notification is that it includes information about consumer comment hearings. IPL's last rate case notice (Docket No. RN-2010-0001) included this information. Previously, these meetings were scheduled by Board order after the rate case was filed.

### Large Energy Group Objection

On February 25, 2014, the Large Energy Group (LEG) filed an objection with the Board stating that IPL's customer notices failed to discuss what LEG argues are temporary rate increases resulting from the new DAEC contract that commenced on February 22, 2014. LEG argues that since there are currently DAEC costs in base rates, the new contract results in double counting and constitutes an increase in rates of up to \$12,000,000/month beginning at the inception of the new DAEC contract.

LEG argues that IPL's customer notices should reference these increased costs as a temporary rate increase that is subject to refund just as if IPL had requested a normal temporary rate increase. IPL's proposed customer notices state that no temporary rate information is included since IPL is not requesting a temporary rate increase.

IPL argues that the Board's rules on temporary rates exclude cost increases to the Energy Adjustment Clause (EAC).

LEG raised the same argument on temporary rates in RPU-2014-0001, IPL's corporate undertaking filing. The Board addressed this issue in its February 19, 2014, Order in that case as follows:

No customer notice is required. The increase in EAC charges does not trigger a requirement for customer notice. Iowa Code § 476.6(8) and 199 IAC 20.9. While the Board might have the authority to require a special notice, it did not do so in its January 31, 2013, order approving EAC recovery for the new DAEC PPA and will not do so here. In the event IPL brings a rate case in the first quarter of 2014, the appropriate customer notice will be required at that time.

The Board has ruled on this argument as stated above. Staff believes that since there are no proposed increases to base rates, the proposed notices comply with Board rules relating to temporary rates.

### Modifications to Notice

After reviewing the proposed customer notices, staff believes that the following minor modifications should be made:

Staff suggests IPL modify the title of the notices from, "NOTICE OF PROPOSED ELECTRIC RATE CHANGE" to "NOTICE OF PROPOSED ELECTRIC RATE INCREASE."

Staff suggests IPL modify the heading that reads, "Alliant Energy rate case proposal", to read "Alliant Energy rate increase proposal", and to modify all references of rate case proposal to read, "rate increase proposal".

Staff suggests IPL remove the effective MONTH/DAY language in the first paragraph under the heading, "Alliant Energy rate case proposal" and insert language consistent with the Board's ten-month ruling deadline.

Under the table for proposed final changes in electric rates, staff suggests IPL add spacing after the sentence referring to lighting customers, and add a new heading in bold that reads, "Transmission Cost Rider."

Staff suggests that the statement regarding the IUB's review of the transmission rider: "As is currently the case, future increases or decreases in transmission charges would be included on customers' bill with notice and would not be reviewed by the IUB through the normal rate case process" be changed to "As is currently the case, future increases or decreases in transmission charges would be included on customers' bill with notice and would be reviewed by the IUB periodically."

At the end of the transmission cost rider information paragraph, staff suggests IPL include its website address for customers to find specific information about transmission rider costs.

Under the heading that reads, "The Rate Case process", staff suggests IPL insert spacing and add a bold headline that reads, "Customer Rights."

Under the suggested "Customer Rights" heading, staff suggests IPL insert language consistent with 26.5(1)"c":

You have the right to file a written objection to this proposed increase with the Board and to request a public hearing. Written objections or requests can be mailed to: Iowa Utilities Board, 1375 E. Court Avenue, Room 69, Des Moines, Iowa 50319-0069, emailed to: [customer@iub.iowa.gov](mailto:customer@iub.iowa.gov), or submitted online at: [iub.iowa.gov](http://iub.iowa.gov). The Board should be provided with any facts that would assist it in determining the justness and reasonableness of this requested increase. This information will be available to the Consumer Advocate, who represents the public interest in rate cases before the Board.

Under the customer comment meeting information, staff suggests IPL insert spacing and add a bold heading reading, "Understanding Your Rate."

### Consumer Comment Hearings

Following is a listing of the details for each of the eight consumer comment hearings that will be held in relation to IPL's impending rate case:

Monday, June 16, 2014, NIAC Campus at Mason City

Tuesday, June 17, 2014, Peosta Community Center @ Peosta

Wednesday, June 18, 2014, Clarke High School Auditorium,  
Osceola

Thursday, June 19, 2014, Gates Memorial Hall, Nevada

Monday, June 23, 2014, Holy Family Parish @ Fort Madison

Tuesday, June 24, 2013, Ottumwa High School Auditorium @  
Ottumwa

Wednesday, June 25, 2014, Dickinson County Fairgrounds, Spirit  
Lake

Thursday, June 26, 2014, Kirkwood Training and Outreach Service  
Center, Marion

All meetings will begin at 5:30 p.m.

### Other Items

Staff believes that the Board should approve IPL's proposed customer notices with the modifications detailed in this memo, including the scheduling of the consumer comment hearings. IPL's notices are consistent with prior notices. The inclusion of information about consumer comment hearings is beneficial because it will provide all customers notice of the hearings with their rate notification. In the past, when these hearings were not set until after the rate case filing, customers had to rely largely on media coverage to obtain information about the time, date, and location of the hearings. Including the dates, times, and locations of the consumer comment hearings in the rate notification provides customers another method to learn of these proceedings.

The customized rate notices provide specific information for each customer class and result in the rate notices being more informative than a generic notice sent to all customers regardless of customer class. The notices also include language that provides customers information on the rate case process and how they might participate.

IPL's proposal to show customer increases using the arithmetic mean will reasonably represent the actual impact of the proposed increase to customers based on typical usage patterns.

- II. Recommendation:** Staff recommends the Board sign the attached order approving IPL's rate notification with the minor modifications included in this memo.

/dwf